



# **South Dakota WIC Program**

## **Vendor Management Handbook**

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U.S. Department of Agriculture

Administered by:  
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Table of Contents

Section I. Introduction to WIC and WIC Services .....4

    Overview of WIC Program .....4

    WIC Offers the Following Services Throughout the State.....4

    Frequently Used WIC Terms.....5

Section II. Becoming (and Remaining) WIC Authorized .....6

    Introduction .....6

    Vendor Selection Criteria .....6

    Application and Approval Process.....8

Section III. Compliance ..... 10

    Program Compliance ..... 10

    Minimum Stocking Requirements..... 10

    Requesting a UPC be added to the WIC Approved Product List..... 14

Section IV. Processing WIC Transactions ..... 14

    eWIC Transactions..... 14

    Regulations for eWIC Transactions..... 15

    Completing eWIC Transactions ..... 15

Section V. State Agency Responsibilities ..... 16

Section VI. Violations, Sanctions, and Corrective Action..... 17

    Vendor Violations and Sanctions ..... 18

    Federal Disqualifications ..... 19

    South Dakota WIC Program Disqualifications ..... 21

    Notice of Disqualification ..... 21

    South Dakota State Violations and Sanctions..... 21

    Civil Money Penalty ..... 23

Section VII. Administrative Appeals ..... 24

    Administrative Appeals Procedure ..... 24

Attachment A. Minimum Stocking Requirements Waiver Request Form ..... 27

# Section I. Introduction to WIC and WIC Services

## **MISSION:**

To promote and maintain the health and well-being of women, infants and children with inadequate income who are determined to have a nutritional risk.

“Healthy Choices for Healthy Families”

## **Overview of WIC Program**

**WIC is the Special Supplemental Nutrition Program for Women, Infants and Children.** WIC is federally funded by the United States Department of Agriculture (USDA) and operates in all 50 states and 22 territories. Throughout this document “WIC Program” refers to the South Dakota Department of Health, WIC Program.

**WIC is a cost-effective program** and has demonstrated success in improving the health and nutritional status of women, infants and children.

Participants of the WIC Program may be pregnant women, breastfeeding women, postpartum women, infants and children up to age five who have been determined to have a nutritional risk and have limited income.

## **WIC offers the following services throughout the state**

**WIC provides nutrition education and counseling:** Teaches participants how to maintain a healthy diet, change established eating habits for healthier habits and answer food and nutrition questions to improve overall health.

**WIC provides support for breastfeeding:** Referrals are made to lactation specialists and peer counselors. Health professionals inform participants of the benefits of breastfeeding; provide breast pumps and information and education on the use of the pumps.

**WIC provides referral services:** To doctors, nurses, community services, health agencies, social service agencies such as Medicaid, SNAP or TANF. All sources encourage pregnant women to receive prenatal care, and infants and children to receive routine health checkups and immunizations.

**WIC provides supplemental foods to participants:** Foods are prescribed to supplement the nutritional needs of each participant based on individual needs.

## **Frequently Used WIC Terms**

The WIC Program uses the following terms throughout the handbook. You will find it helpful to be familiar with them as you learn about the WIC Program.

**Approved Product List (APL)** - Electronic files identifying WIC food items authorized by the South Dakota WIC Program for purchase with WIC benefits.

**Authorized Supplemental Foods** - USDA-FNS allowed foods containing nutrients determined by nutritional research to be lacking in the diets of pregnant, breastfeeding, and postpartum women, infants and children and foods that promote the health of the population served by the WIC Program. Foods are allowed based on relevant nutrition science, public health concerns and cultural eating patterns.

**Cash Value Benefit** - A fixed-dollar amount associated with the eWIC Card used by a WIC cardholder to obtain authorized fruits and vegetables.

**Electronic Cash Register (ECR)** - A type of cash register used by stores with an integrated system to accept eWIC transactions.

**eWIC Card** - the card used by a participant to obtain supplemental foods.

**eWIC Cardholder** - An authorized person (i.e., participant, parent, legal guardian, caretaker, proxy) in possession of an eWIC benefit card. This benefit card and PIN allows the eWIC cardholder to purchase approved food items prescribed to one or more participants assigned to a family's account.

**eWIC Contractor** - FIS Government Solutions / Custom Data Processing (CDP), an EBT contractor hired by the South Dakota WIC program.

**eWIC Transaction** - An on-line, real time payment method that electronically pays authorized vendors for food items purchased by an eWIC cardholder. An eWIC benefit card is issued by the South Dakota WIC program to each eligible family account. The eWIC benefit card is used by the eWIC cardholder to purchase approved foods at authorized vendor locations.

**Food Instrument** - Tender accepted for WIC payment, such as eWIC card, check, or voucher. **Not To Exceed (NTE)** - The maximum amount that can be charged by item. This calculation is based on the vendor's assigned peer group.

**Participant** - pregnant women, breastfeeding women, postpartum women, infants and children, who are receiving supplemental foods through the WIC Program.

**Personal Identification Number (PIN)** - A secret identification number selected by the eWIC cardholder to access their WIC benefits.

**Product Look Up (PLU)** - A 4 or 5-digit number defined by the International Federation for Produce Standards (IFPS). PLUs are used to identify products that typically are of variable measure.

**Reversal** - to partially or completely nullify the effects of a previous purchase transaction and add benefits back to the WIC prescription benefit because the transaction cannot be processed as instructed.

**Universal Product Code (UPC)** - A specific type of barcode used to identify products sold by the WIC

Vendor. Approved WIC food item codes are entered on the APL file.

**Vendor** - any SD WIC authorized Vendor that accepts eWIC cards issued by the WIC Program.

**Void** - to cancel a previously authorized and completed transaction. A WIC vendor may cancel the purchase of a single WIC food item, a method or payment or the entire transaction at the request of the eWIC cardholder. (A voided transaction shall not be used to return or provide credit for WIC foods.)

## **Section II. Becoming (and Remaining) WIC Authorized**

### **Introduction**

A potential Vendor must apply to the WIC Program as either a grocery vendor or a special purpose pharmacy vendor. To receive authorization to accept eWIC cards, a Vendor must have a signed Agreement with the South Dakota WIC Program. A Vendor may begin to accept eWIC cards only after the Vendor and the WIC Program have executed a signed Agreement.

### **Vendor Selection Criteria**

An authorized Vendor in the State of South Dakota must meet the requirements below.

#### **Full Service**

##### **Grocery**

A full service grocery vendor is defined as a single store operated by a business entity which routinely stocks milk, cheese, hot and cold cereals, fresh and frozen meats, poultry and fish, fresh, frozen and canned fruits and vegetables, canned and frozen fruit juice, eggs and breadstuffs. The store must be primarily a Vendor of groceries rather than of other merchandise such as gasoline, beverages or snack foods.

##### **Location**

Must be a stationary location with a physical business address in South Dakota.

##### **SNAP**

Must be authorized by South Dakota SNAP (formerly Food Stamps). If Vendor is authorized by South Dakota SNAP and later denied authorization, the SD WIC Agreement will be terminated for cause.

Vendor may not have a SNAP disqualification or civil money penalty imposed within the 12 months preceding the date of application.

Permanent disqualification from the SNAP Program makes the applicant Vendor ineligible for WIC Program authorization.

##### **Minimum Stocking**

Minimum stocking requirements of supplemental foods are located in Section III.

##### **50% Criteria**

Each Vendor making an initial application will be assessed to determine whether it is expected to derive more than 50% of its annual income from the sale of WIC foods paid for with eWIC cards.

Any Vendor applicant who expects to derive more than 50% of its annual revenue from the sale of WIC authorized foods paid for with eWIC cards will not be

authorized, unless it is necessary for participant access to WIC Program benefits; and Food and Nutrition Services (FNS) must pre-approve the Vendor.

Any authorized Vendor will be terminated if after initially being authorized, is found to be deriving more than 50% of its annual income from food sales purchased with eWIC cards, unless it is necessary to assure participant access to WIC Program benefits, and FNS approves thus allowing the Vendor to remain authorized.

**Competitive Pricing**

All Vendors will be held to competitive pricing within their assigned peer group. Shelf prices will be collected bi-annually and will be averaged by food item within the assigned peer group. If it is determined that the applicant has shelf prices exceeding the statewide peer group average, they will be notified and must reduce the price, or the Vendor will not be authorized by the SD WIC Program.

Peer groups are defined by the total annual food sales, population density of area, and the type of store (chain, independent, convenience, etc.)

The Vendor's average price for any food item authorized by the WIC Program, as reported in SDWIC-IT may not exceed a WIC Program determined average percentage for the same food by all other WIC Vendors in the same peer group.

All Vendors will charge the same or a lesser price to WIC participants as they charge to all other customers.

**Suspension**

Vendor must not have had a WIC Program suspension imposed or a WIC application denied within the month preceding the date of application.

**Convictions**

The current owner(s), officers or managers must not have had a criminal conviction or civil judgment against them in the last six (6) years.

**Hours**

Vendor establishment must maintain business hours of at least 8 hours a day, 6 days a week to allow adequate participant access.

**Sanitary**

Vendor must maintain sanitary conditions to assure food product quality and refrigeration of a maximum of 40 degrees.

**Non-Discrimination**

Vendor will agree to serve all WIC participants equally regardless of race, color, national origin, age, sex, or disability.

**Training**

Vendor will accept training pertaining to all WIC Program regulations prior to signing an Agreement and will agree to provide training to all employees who will handle any WIC transactions prior to accepting any eWIC cards.

**Federal Regulations**

Vendor agrees to adhere to all provisions of federal regulations contained in the Federal Register, 7 C.F.R. Part 246 and all Program policies and procedures contained in the WIC Vendor Agreement and the Vendor Management Handbook.

<b>Formula</b>	Vendor agrees to obtain infant formula only from sources included on the State of South Dakota WIC Program list of approved manufacturers. This can be found at <a href="http://sdwic.org/vendors/vendor-resources/">http://sdwic.org/vendors/vendor-resources/</a> .
<b>Exception</b>	The South Dakota WIC Program reserves the right to make exceptions to (waive) the vendor selection criteria if inadequate participant access would result from denial of a retailer's application. Requirements that are <b>not</b> waivable per federal requirements are: EBT capability, competitive pricing, and minimum stocking requirements. This exception must be made in writing between the Program and Vendor.

### **Application and Approval Process**

<b>Application</b>	<p>All Vendors must meet the selection criteria and must complete an application via SDWIC-IT. Please contact the South Dakota WIC Program at <a href="http://www.sdwic.org">www.sdwic.org</a> for more information.</p> <p>For consideration to be authorized as a WIC Vendor, properly completed application information must be submitted via SDWIC-IT within fifteen (15) working days from date the store receives access to SDWIC-IT. Failure to meet the timeframe will constitute the need for the interested store to request new logon information and restart the entire process.</p> <p>The store will be required to complete the information requested in SDWIC-IT in its entirety before the application is processed. This includes demographics, store details, food prices, and minimum stock requirements.</p>
<b>Onsite Review</b>	A representative from the WIC Program will conduct an onsite visit to review stocking requirements and food prices, confirm the vendor primarily sells groceries, and answer any questions the vendor may have.
<b>Training</b>	<p>Vendors play a vital role in the correct operation of the food delivery system. Vendors shall complete training that includes WIC Program policies and procedures at the onsite review prior to becoming an authorized Vendor and shall be responsible for training all store associates who will be handling WIC transactions. The manager and person responsible for training store associates must allow time at this visit for training. Vendors are responsible for all actions of their store owners, officers, managers, agents, and employees in conducting WIC transactions.</p> <p>A representative of the WIC Program must train store associates who will be handling eWIC cards and transactions or train those who have been designated as store trainers.</p>
<b>Training Materials</b>	Vendor training materials are available online at <a href="http://sdwic.org/vendors/cashier-training/">http://sdwic.org/vendors/cashier-training/</a> . Employees should view training materials as part of their orientation. At least one representative of the Vendor must participate in training provided by the WIC Program annually. Store managers or the person determined to train store associates must attend a face-to-face WIC training session provided by the WIC Program once every three years.



<b>EBT Testing</b>	Once the required documentation, training, and onsite visit are complete, the State WIC Program will complete their review. If all initial criteria are met, the store will be approved, pending EBT testing. The store must demonstrate their POS system can obtain a benefit balance, accept WIC purchases, process voids, complete an eWIC transaction accurately and securely, and exchange files pursuant to the Program's eWIC system requirements and eWIC Authorization Selection Criteria.
<b>WIC ID</b>	The WIC Program assigns each Vendor a unique four-digit identification number which will be used by the WIC program for monitoring and identification of vendors.
<b>Agreement</b>	The WIC Program will notify the store once their application has been approved. The Vendor Agreement will be executed once all signatures are received. A copy will be provided to the Vendor.
<b>Vendor Authorization</b>	Once the Vendor receives a copy of the signed Agreement, the Vendor is approved for authorization and will enter into an Agreement with the South Dakota Department of Health to participate as an authorized WIC Vendor in the Special Supplemental Nutrition Program for Women, Infants and Children. The Vendor is now authorized to accept and redeem eWIC cards for the contract period.
<b>Denied Authorization</b>	A store that has been denied authorization will be informed via letter. The letter will specify the reason the store was denied authorization, the store's right to request an administrative appeal of the decision within fifteen (15) days from date of notification and a copy of the Administrative Fact Sheet.
<b>Length of Agreement</b>	The Vendor Agreement will expire at least every three years. Vendors wishing to continue authorization as a WIC Vendor must complete the application process prior to the expiration of the Agreement. Expiration of the Vendor Agreement is not subject to appeal.
<b>Vendor Changes</b>	<p>The South Dakota WIC Program has the right to limit the number of acceptable Vendors who may participate. Vendors must conform to and continue to comply throughout the Agreement period with the provisions from the South Dakota WIC Program.</p> <p>Any change in ownership or sale of the business during the effective period of the Agreement will render the Agreement null and void. The WIC Program's State Office must be informed immediately of a change in store management, ownership, relocation, or the closing of operations.</p>

## Section III. Compliance

### Program Compliance

**Authorizing Permission for Compliance** By signing the Vendor Agreement, you are authorizing the WIC Program or a contract agency to test your employees' level of understanding of WIC Program regulations by conducting Educational or Compliance Buys. These procedures are discussed in Section V, "State Agency Responsibilities."

**Price Entry** Food prices must be entered into SDWIC-IT with the initial application and when requested by the WIC Program. Requests for price entry/updates may be bi-annually. Information obtained from food prices is used by the WIC Program to estimate food cost obligations and to screen eWIC transactions. Failure to enter food prices could result in suspension or sanctioning from the WIC Program.

A current list of the approved foods (Approved Food Guide) can be found at <http://sdwic.org/vendors/approved-food-guide/>.

### Minimum Stocking Requirements

The Vendor agrees to stock varieties and minimum quantities of WIC approved foods as specified in the Minimum Stocking Requirements on Pages 11-13. Failure to meet these stocking requirements during this Agreement period may cause this Agreement to be terminated or sanctions to be applied to the Vendor by the WIC Program.

The variety and quantity in stock are defined as including both inventory on display and in on-premises storage, but not inventory on order from suppliers.

Each vendor is required to stock a minimum variety and quantity of each type of WIC authorized food (which may not be past its "sell by", "best if used by", "use by", or any other date limiting the sale or use of food item).

Stocking requirements differ for grocery store types.

- Large grocery store = 6 or more registers
- Small grocery store = 5 or less registers

If a vendor is out of stock of a specific item, the vendor CANNOT SUBSTITUTE it for another item.

Authorized Formula		Minimum Stock	
		Small (SG)	Large (LG)
Similac Advance UPC 0 70074 55958 2	Powder 12.4 oz	6 cans	12 cans
<b>PLUS, one or more of the following formulas:</b>			
Similac Total Comfort UPC 0 70074 62600 0	Powder 12.0 oz	6 cans	12 cans
Similac Sensitive UPC 0 70074 57541 4	Powder 12.5 oz	6 cans	12 cans
Similac for Spit-Up UPC 0 70074 50960 0	Powder 12.5 oz	6 cans	12 cans
Similac Soy Isomil UPC 0 70074 55964 3	Powder 12.4 oz	6 cans	12 cans
Authorized Food	Size	Minimum Stock	
		Small (SG)	Large (LG)
<b>Infant Fruit/Vegetables</b>  At least two varieties 2 packs Gerber Stage 2 Or Beech-Nut Stage 2	Gerber - 4 oz. 2 pks  Beech-Nut 4 oz. jar	Gerber - 20  Beech-Nut - 60	Gerber - 60  Beech-Nut - 140
<b>Infant Meats</b>  At least two varieties	2.5 oz.	10 jars	30 jars
<b>Infant Cereal</b>  At least two varieties	8 and/or 16 oz.	2 boxes	6 boxes
<b>Milk</b>  Whole, 2%, and 1% or skim  Must include gallon, half gallon, and quart sizes	Gallons, half gallons, and quarts	4 gallons Whole and 2% In GAL, HGL, and QT combined  6 gallons 1% or fat free In GAL, HGL, and QT combined	8 gallons Whole and 2% In GAL, HGL, and QT combined  16 gallons 1% or fat free In GAL, HGL, and QT combined
<b>Yogurt</b>  Dannon: Non-fat, Low-fat, or whole milk* *whole milk only if needed by customer  Yoplait: Low-fat	32 oz. tub	6 containers Any variety	12 containers Any variety
<b>Cheese</b>  At least 2 varieties (refer to food guide for brands and flavors)	8 or 16 oz. Block or shredded	4 pounds	8 pounds

Authorized Food	Size	Minimum Stock	
		Small (SG)	Large (LG)
<b>Eggs</b> Medium, large, extra-large, or jumbo size; white or brown	6 count or 1 dozen	4 dozen	8 dozen
<b>Breakfast Cereal - Cold</b> At least 4 different varieties (one must be whole grain)	12-36 oz.	4 boxes	8 boxes
<b>Breakfast Cereal - Hot</b> At least 1 authorized hot cereal (one must be whole grain)	12-36 oz.	2 boxes	4 boxes
<b>Whole Grains - Bread</b>	12-24 oz.	4 loaves	8 loaves
<b>Whole Grain Tortillas, Pasta / Brown Rice</b> Two different types	Tortillas - 8 or 16 oz. Pasta - 16 oz. Rice - 14-16 oz.	4 packages	8 packages
<b>Juice</b> Two flavors each 100% frozen concentrate 100% fluid	Frozen - 12 oz. Fluid - 64 oz.	12 cans 6 bottles	24 cans 12 bottles
<b>Legumes - Dried Peas/Beans</b> At least 2 varieties	16 oz.	4 bags	8 bags
<b>Legumes - Canned Peas/Beans</b> At least 2 varieties	15 to 16 oz.	8 cans	16 cans
<b>Legumes - Peanut Butter</b>	16 to 18 oz.	4 jars	8 jars
<b>Fish</b> Light Tuna in water or oil Salmon Sardines	5 oz. 5 oz. 3.75 oz.	6 cans 3 cans 3 cans	12 cans 6 cans 6 cans
<b>Vegetables</b> SG - 2 varieties each LG - 4 varieties each	Fresh, frozen, or canned - bulk or packaged, whole or cut up	4 pounds fresh or 64 ounces of any combination canned or frozen	8 pounds or 128 ounces of any combination canned or frozen
<b>Fruit</b> SG - 2 varieties each LG - 4 varieties each	Fresh, frozen, or canned - bulk or packaged, whole or cut up	4 pounds fresh or 64 ounces of any combination canned or frozen	8 pounds or 128 ounces of any combination canned or frozen

## **MILK**

- Vendor must be able to supply the following types of milk as requested by the WIC Program or WIC participant:
  - Evaporated
  - Dry
  - Lactose-reduced
  - Acidophilus
- Vendor must be able to supply approved specialty milk as requested by WIC Program or WIC participant
  - Requested specialty milks must be available within 72 hours (3 days)

## **FRUIT JUICE**

- Vendor agrees to stock up to 16-ounce single serving approved juices as requested by the WIC Program or WIC participant
  - Requested juices must be available within 72 hours (3 days)

## **INFANT FORMULA**

- Vendor agrees to stock other WIC approved brands of formula on an as-needed basis
- Infant formula must be purchased only from a wholesaler, distributor, or vendor on the WIC Program's approved list
- The Vendor must be able to supply the infant formula within 48 hours if requested by a customer. If the Vendor is unable to supply it within 48 hours, the Vendor must contact the State WIC Office to determine if an exception can be made to extend the 48-hour time frame to within five (5) days.

## **INFANT FOOD**

- The Vendor (with or without an exception) must be able to supply the infant cereal and infant foods within 48 hours. If the Vendor is unable to supply these items within 48 hours, the Vendor must contact the State WIC Office to determine if an exception can be made to extend the 48-hour time frame to within five (5) days.

## **Stocking Waiver**

Vendors may request a Minimum Stocking Requirements Waiver Form from stocking infant items (i.e., infant formula, infant cereal and infant food) required by the WIC minimum stocking requirements. The Program shall grant a waiver when:

- There has been no documented WIC sale of the specific item within the last 3 months;
- The WIC Program certifies there are no WIC families currently using the specific item;
- The Vendor guarantees that upon request by a Participant or WIC staff, the item will be made available within 48 hours at which time the waiver will be void.

## **Requesting a UPC be added to the WIC Approved Product List**

For items that should scan as WIC-approved but do not, contact the Vendor Management team by email with pictures of the following information:

- Brand/description of the item
- Size of the item
- 12-digit UPC or 4-digit PLU
- Full ingredient list
- Shelf price

## **Section IV. Processing WIC Transactions**

### **eWIC Transactions**

<b>Overview</b>	<p>When handling eWIC transactions, Vendors must follow federal and state regulations. These regulations are outlined in this section. Each time a Vendor accepts an eWIC card, the Vendor certifies that the WIC Program regulations were followed in that transaction. Any Vendor that accepts eWIC cards in accordance with the WIC Program regulations is guaranteed payment. Failure to adhere to these regulations could result in a Vendor's suspension from participation in the WIC Program.</p> <p>The Vendor's cooperation is essential to the WIC Program. It is the Vendor's responsibility to ensure that this information is clearly understood by all store employees involved in eWIC transactions.</p>
<b>Redemption Locations</b>	<p>Any current issued South Dakota eWIC card may be used at any South Dakota authorized WIC Vendor.</p>
<b>WIC Participant Education at the WIC Clinic</b>	<p>Before receiving his/her eWIC card, each WIC participant receives detailed instructions on how to use the card in the Vendor setting. In addition, WIC participants are advised to inform cashiers at the checkout counter that they are using an eWIC card and to separate the foods if using a stand-beside Point of Sale device.</p> <p>It may be necessary for store associates to assist some participants with a mixed basket transaction.</p>
<b>Identification</b>	<p>When purchasing foods or formula with an eWIC card, a participant or a person they have given their eWIC card to must enter their 4-digit PIN number to process the transaction. If after 3 attempts an incorrect PIN number is entered, the eWIC card is locked until midnight or they call the 877 number for assistance.</p>

**NOTE:** No other identification may be required of a WIC participant.

## Regulations for eWIC Transactions

<b>What Can Be Purchased</b>	<p>Only the food items and quantities printed on the eWIC receipt or food inventory page may be purchased. Where brand names are specified, only those brands can be purchased. A participant cannot buy more than the total quantity of food that appears on each WIC receipt/inventory, but they may purchase less. (eWIC participants are permitted to use Vendor and manufacturer coupons and buy-one-get-one promotions to purchase WIC foods). Vendors are allowed to use incentive items that are:</p> <ul style="list-style-type: none"><li>• Merchandise obtained at no cost to the Vendor and provided to participants without charge,</li><li>• Food of nominal value and merchandise of nominal value,</li><li>• Food sales or specials which involve no cost or only a nominal value for the Vendor regarding the food items involved, and</li><li>• Do not result in a charge to the WIC Program for foods in excess of those listed on the eWIC receipt/inventory.</li><li>• Not solely offered to WIC customers</li></ul> <p>The credit due from any promotion is to be deducted from the eWIC purchase.</p>
<b>Nominal Value</b>	Nominal value is defined as value less than \$2.00 of the Vendor price of the product being purchased with an eWIC card.
<b>Substitutions</b>	Vendors shall not allow substitutions, cash, credit, refunds, or exchanges.
<b>Rain Checks</b>	Rain checks cannot be written for WIC foods not available at the time the eWIC card is redeemed.
<b>First and Last Date to Spend</b>	eWIC cards can be used by participants after 12:01 am on the “First Date to Spend” (issue date) and no later than 12:00 pm (midnight) of the “Last Date to Spend” (expiration date). These dates are printed on each WIC receipt/inventory slip.

## Completing eWIC Transactions

<b>Steps to a Successful WIC Transaction</b>	Payment will always be approved if you follow the steps in the table below when completing a WIC transaction.
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Step	Action
1	All foods are scanned if a mixed basket and an integrated Point of Sale (POS) system are used, or if a stand-beside POS, the foods are separated and only WIC foods are put into the stand-beside system. The WIC participant should have a receipt/inventory of the food balance left on their eWIC card or if they need to, they can call 1-877-231-9314 to obtain their remaining food balance.
2	The WIC participant swipes their eWIC card before any other form of payment is accepted, and the participant enters his/her correct 4-digit PIN number.
3	The POS system will process the payment automatically if the eWIC card and PIN number were entered correctly and the dates are valid for the purchase period.
4	After the transaction is completed, remember to give the WIC participant the receipt

	that will show any remaining food balance at the bottom so they can use it the next time they shop with their eWIC card.
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<b>Cash payment for Cash Value Benefits</b>	According to the USDA FNS final food rule, all vendors must allow split tender. For eWIC, this relates to Cash Value Benefits (CVB), and means that the store must allow the participant to pay the difference if they exceed the amount of the CVB.
<b>Payment of eWIC Transactions</b>	Vendors will be paid for all valid WIC transactions conducted and electronically submitted to the South Dakota WIC Program. An authorized vendor may dispute a transaction payment that has been reduced. There is no guarantee that dispute requests will be approved. Transactions requiring reimbursement will be paid by the WIC Program once review is complete.
<b>Price Adjustment</b>	All price adjustments will be based on redemption prices and the Not to Exceed Price (NTE) of WIC foods.
<b>Non-Discrimination</b>	Authorized Vendors may not refuse to accept a properly presented eWIC card from any South Dakota WIC participant. The Vendor must comply with the nondiscrimination provisions of Departmental regulations 7 CFR parts 15, 15a and 15b.
<b>WIC Program Violations</b>	The WIC Program will notify Vendors in writing of violations of Program regulations. A description of violations and corresponding application of sanctions that may be issued are found in Section VI.

## Section V. State Agency Responsibilities

<b>WIC Clinic Responsibilities</b>	<p>The WIC Clinic is responsible for each of the following:</p> <ul style="list-style-type: none"> <li>• Issuing correct eWIC card to each household</li> <li>• Instructing WIC Program participants on the proper cards.</li> <li>• Contacting participants if needed to resolve issues between Vendors and participants</li> </ul>
<b>WIC Program Responsibilities</b>	<p>The WIC Program is responsible for each of the following:</p> <ul style="list-style-type: none"> <li>• Training all staff at the WIC clinics in use of eWIC cards</li> <li>• Training all authorized Vendors</li> <li>• Follow-up on all questions and complaints from Vendors</li> <li>• Follow-up on all questions and complaints from Participants</li> <li>• Communicating changes in WIC Program policies and procedures to Vendors</li> <li>• Monitoring Vendors</li> </ul>
<b>Vendor Monitoring</b>	<p>The WIC Program determines when Vendors will be monitored. The WIC Program or a designated contract agency staff will conduct on-site monitoring visits at each authorized Vendor. Monitoring visits may include any or all of the following:</p> <ul style="list-style-type: none"> <li>• Educational buys</li> <li>• Compliance investigations</li> <li>• Inventory Audits</li> <li>• Receipt audits</li> </ul>



<b>Educational Buys (Monitor visit)</b>	If during an educational buy; non-compliance with WIC Program regulations are discovered, the store owner/manager must comply with the appropriate corrective action plan to prevent future non-compliance. WIC Program staff will make return visits to any Vendor that fails a monitoring visit. If applicable, the WIC Program shall apply sanctions after a second violation, in accordance with the schedule of WIC Program violations found in Section VI.
<b>Compliance Investigation</b>	Compliance investigations will be conducted annually on a percentage of Vendors as mandated in federal regulations. A compliance investigation includes a sufficient number of compliance buys to provide evidence of WIC Program noncompliance, two compliance buys in which no WIC Program violations are found, or when an inventory audit has been completed. A compliance buy means a covert, on-site investigation in which a representative of the WIC Program poses as a participant, parent, caretaker, or proxy, uses a eWIC card to make purchases and does not reveal during the visit that he or she is a WIC representative. The WIC Program or private entity under contract with the Department may perform compliance buys. If applicable, the WIC Program shall apply sanctions after a second violation, in accordance with the schedule of WIC Program violations found in Section VI of this handbook. The State WIC Program must notify a Vendor in writing when an investigation reveals an initial incidence of a violation for which a pattern of incidences must be established to impose a sanction unless the State determines that notifying a Vendor would compromise an investigation.
<b>Compliance Investigation Continued</b>	

## Section VI. Violations, Sanctions, and Corrective Action

**Failure to read and understand the violations below does not excuse the Vendor from WIC Program sanctions or penalties. Vendors are responsible for the acts or omissions of their employees transacting WIC-related business.**

The Program has designed systems to detect vendors who abuse or defraud the Program. These systems also identify vendors who, through misinformation or lack of training, may intentionally or unintentionally violate federal regulations, Program policies and procedures, or the terms of the Vendor Agreement. Violations that trigger sanctions do not require the Program to distinguish between fraudulent (intentional) and abusive (unintentional) violations because both types of violations result in loss of Program funds.

To ensure the integrity of the Program, it is necessary to impose corrective actions and sanctions consistently against vendors who are in violation of federal regulations and Program policies and procedures. There are several types of actions that may be applied:

- Nonpayment (or required return) of WIC funds
- Warning/notification letter
- Corrective Action Plan (CAP)
- Mandatory training
- CMP Sanction - may be imposed if Program determines disqualification would result in inadequate Participant access
- Disqualification sanction

## Vendor Violations and Sanctions

<b>Overview</b>	<p>Five types of penalties may be applied to Vendors for violations of WIC Program regulations. These penalties are:</p> <ul style="list-style-type: none"><li>• Issuance of sanction points</li><li>• Probation</li><li>• Temporary disqualifications (6 months, 1 year, 3 years, 6 years)</li><li>• Permanent disqualification</li><li>• Civil money penalties</li></ul>
<p>Vendors who are disqualified from participation in or have a civil money penalty imposed by the SNAP Program, shall be automatically suspended from the WIC Program.</p>	
<b>Issuance of Violation Points</b>	<p>Administrative and procedural violations of the WIC Vendor Agreement are an indication of a Vendor's inattention to or disregard of the requirements of the WIC Vendor Agreement. It is in the WIC Program's interest to record these violations and take them into account when considering whether to continue its contractual relationship with the Vendor. Any Vendor who has been assessed more than 50 violation points during a contract period may not be offered a new contract.</p>
<b>Sanctions</b>	<p>The Vendor will receive written notice of WIC Program violations and accompanying sanction points and/or disqualification from the Program. State applied sanctions will not be based on a single violation. A letter will be sent to the Vendor stating the violation and the corrective action that will need to be taken. A pattern of two or more incidences of the same or like violation will result in appropriate sanctions against the Vendor. Corrective actions are listed with accumulated points:</p> <ol style="list-style-type: none"><li>1. <b>1-8 Points</b> - Written notification of all sanctions applied to Vendor.</li><li>2. <b>9-15 Points</b> - Written notification of all sanctions and the Vendor will be required to respond in writing within 15 days with justification and corrective action steps for Program violations.</li><li>3. <b>16-20 Points</b> - Written notification of accumulative sanction points and the Vendor will be required to: (a) accept training by the Program Representative within 3 months; and (b) respond in writing to the notification within 15 days with justification and corrective action taken for correcting Program violations.</li><li>4. <b>21-50 Points</b> - Written notification by certified mail of disqualification from the Program for 6 months.</li><li>5. <b>51 or More Points</b> - Written notification by certified mail of disqualification from the Program for 1 year.</li></ol>
<b>Notice of Violation</b>	<p>Vendors will be notified of WIC Program violations in writing to allow the Vendor to come into WIC Program compliance. No sanction points will be applied for a single violation, but sanctions may be applied if the Vendor has not come into compliance with the WIC Program regulations after further investigations have taken place. If the WIC Program determines that notifying the Vendor would compromise an investigation written notification does not have to take place.</p>

## **Federal Disqualifications**

Mandatory federal sanctions are defined in 7 CFR Part 246.12. These sanctions are in response to federal violations (also referred to as Class A violations) of Program policies.

- The WIC Program will notify a Vendor when an investigation reveals an initial incidence of a violation occurring before imposing any of the sanctions described; **unless** it is determined that notification would compromise the investigation.

A pattern of violations does not need to be present when applying a permanent disqualification.

- Those violations identified as requiring a pattern are assigned sanctions based upon at least two independent documented violations during any compliance investigation. When conducting inventory audits, a pattern can be established during a single review of the Vendor's redemption records and depends on the magnitude of shortfalls and the period of time over which they occur.
- Class A violations identified as requiring a pattern will be sanctioned as follows for the same finding(s) committed within two years from the date of the receipt of the first violation notice:

a. **Permanent Disqualification**

- a. A Vendor **convicted** in a criminal court of law for trafficking of WIC food instruments (South Dakota eWIC cards) or for selling firearms, ammunition, explosives, or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802)) in exchange for WIC food instruments (South Dakota eWIC cards). A Vendor shall not be entitled to receive any compensation for revenues lost as a result of such violation.
- b. A Vendor permanently disqualified from SNAP.

b. **Six (6) Year Disqualification**

With an administrative finding of the following violations, the Vendor will be disqualified for six years:

- a. One incidence of buying or selling WIC food instruments (South Dakota eWIC cards) for cash (trafficking).
- b. One incidence of selling firearms, ammunition, explosives, or controlled substances (as defined in Section 102 of the Controlled Substances Act (21 U.S.C. 802)), in exchange for WIC food instruments (South Dakota eWIC cards).

c. **Three (3) Year Disqualification**

With an administrative finding of the following violations, the Vendor will be disqualified for three years:

- a. One incidence of allowing the purchase of alcohol, alcoholic beverages, or tobacco products in exchange for WIC food instruments (South Dakota eWIC cards).
- b. A pattern of charging WIC participants more than non-WIC customers or charging WIC participants more than the current shelf price.
- c. A pattern of charging for items not received by the WIC participant.
- d. A pattern of providing credit or nonfood items, except for alcohol, alcoholic beverages, tobacco products, cash, firearms, ammunition, explosives or controlled substances as defined in 21 U.S.C. 802, in exchange for WIC food instruments (South Dakota eWIC cards).
- e. A pattern of receiving, transacting, or redeeming WIC benefits outside authorized channels, including through unauthorized Vendors and/or persons.

- f. A pattern of claiming reimbursement for the sale of a quantity of a specific food item which exceeds the store's documented inventory of that food item for a specified period of time.
- d. **One (1) Year Disqualification**
  - a. Vendor found exhibiting a pattern of allowing purchases of non-approved food items in exchange for WIC benefits, including charging for supplemental foods in excess of the available balance.
- e. **Automatic Disqualification**
  - a. State and Federal regulations provide for mandatory sanctions up to and including disqualification. Disqualification from the WIC Program may result in a Vendor disqualification from the SNAP Program. Such disqualification is not subject to administrative or judicial review under the SNAP Program.
  - b. A Vendor may be disqualified if during the WIC Agreement period, the Vendor is disqualified from the SNAP Program. However, if the WIC Program determines that the Vendor is needed to ensure participant access, the WIC Program must impose a Civil Money Penalty in lieu of disqualification as stated in 7 CFR 246.12(l)(1)(ix).
- f. **Second Mandatory Sanction**
  - a. A vendor who has been previously assessed a mandatory sanction for any of the mandatory sanctions listed above (letters a-d) shall have the second sanction **doubled**. Civil Money Penalty (CMP) may only be doubled up to the limits allowed, as defined by the Vendor Agreement.
- g. **Third or Subsequent Mandatory Sanction**
  - a. Vendors assessed a third mandatory sanction shall receive a **double sanction with no CMP option**.
  - b. A WIC disqualification based on a SNAP disqualification shall be for the same length of time and may begin at a later date and is not subject to administrative or judicial review under the South Dakota WIC Program. 7 CFR 246.12(l)(1)(vii)
  - c. The South Dakota WIC Program shall not accept from any vendor voluntary withdrawal or non-renewal as an alternative to imposing mandatory sanctions or disqualification. 7 CFR 246.12(l)(1)(viii)
  - d. The South Dakota WIC Program shall disqualify the Vendor based on the mandatory sanctions with the following exceptions:
    - i. Cases of inadequate participant access in which case a CMP would be assessed
    - ii. The vendor had, at the time of the violation, an effective policy and training program in effect to prevent trafficking; and the ownership of the vendor was not aware of, did not approve of, and was not involved in the conduct of the violation. (This exception is only an option for the trafficking conviction.) Any documented policies must have been dated in written form and the training documented prior to the violation in which case a CMP would be assessed. The South Dakota WIC Program shall not give a CMP for a third or subsequent mandatory sanction. 7 CFR 246.12(l)(1)(i)

## **South Dakota WIC Program Disqualifications**

### **1. One (1) Year Disqualification**

With an administrative finding of the following violations, the Vendor will be disqualified for one year:

- a. Accumulation of 51 or more sanction points during any Agreement period.
- b. Failure to provide access to store premises or in any manner to hinder, impede or misinform authorized WIC Program personnel in the act of conducting an on-site education, monitoring or investigation visit.
- c. Threatening or verbally abusing WIC participants or authorized WIC Program personnel in the conduct of legitimate WIC Program transactions.
- d. Participating with other individuals including but not limited to WIC employees, Vendors, and participants, in systematic efforts to submit false claims for reimbursement of improper use of food instruments (South Dakota eWIC cards).

### **2. Six (6) Month Disqualification**

With an administrative finding of the following violations, the Vendor will be disqualified for six months:

- a. Accumulation of 21-50 violation points during any Agreement period.

## **Notice of Disqualification**

A minimum of 30 days' notice is provided prior to all disqualifications. When the WIC Program determines that an offense has occurred, a disqualification letter with supporting documentation is sent to the Vendor. The disqualification letter identifies the specific offense that the Vendor is charged with and the procedures for filing an appeal. Voluntary withdrawal from the WIC Program to avoid a sanction is not allowed.

The WIC Program is responsible for issuing all violation and disqualification letters. WIC clinics are informed of all Vendor correspondence regarding disqualifications. In situations where participant violations are also involved, the WIC clinic along with the State WIC Program is responsible for follow-up.

## **South Dakota WIC State Violations and Sanctions**

1. All South Dakota WIC authorized vendors shall be assessed, on an ongoing basis, for possible WIC Program established violations and sanctions. All points are cumulative and will be kept current for the 3-year agreement period as long as the vendor is authorized on the program.

2. The following are the state established vendor violations and sanction points to be assessed to the vendor. (If the WIC Program finds that a vendor has committed a violation that requires a pattern of occurrences in order to impose a penalty of sanction, the WIC Program will notify the vendor of the initial violation in writing, prior to documentation of another violation, unless the WIC Program determines, in its discretion, on a case-by-case basis, that notifying the vendor would compromise an investigation):

	Violation	Sanction Points
A	Stocking or purchasing formula for sale from supplier other than those on the list of authorized distributors provided by the WIC Program	10
B	Failure to supply, within specified timelines, infant formula, infant foods, or infant cereal, as requested by the Participant or WIC Program	10
C	Failure to attend training sessions per Agreement period and as required by the WIC Program	10
D	Seeking payment from a participant for eWIC transactions not paid for by the WIC Program	10
E	Discourteous treatment of WIC shopper.	10
F	Failure to train employees who handle WIC transactions regarding the Program procedures set forth in the Vendor Agreement	10
G	Breach of confidentiality (i.e. disclosing a WIC participant in a public setting, contacting WIC participants directly, requiring signature on separate document)	8
H	Accepting eWIC transactions prior to receiving a signed Vendor Agreement or other written notification from the State WIC Program that the application is approved (payment will not be made on these eWIC transactions)	8
I	Failure to allow monitoring or training of the Vendor by WIC representatives	8
J	Following authorization, increasing prices inconsistent with price increases by other authorized vendors in the same peer group	8
K	Failure to provide updated WIC Food Prices when requested by the WIC Program	8
L	Unavailable, insufficient, or expired stock of authorized foods, identified during two or more monitoring/compliance visits.	6
M	Giving change on redemption of an eWIC transaction or accepting the return of foods purchased with eWIC cards for cash, credit, or non-food items	6
N	Charging sales tax on eWIC transactions	6
O	Participating in a transaction that is a conflict of interest	6
P	Failure to carry out corrective action as a result of education or monitoring visits	6
Q	Failure to submit information including, but not limited to, receipts, change of address, corrective action plans, etc., requested by the Program within the time period specified by the Program.	6
R	Prohibiting WIC shoppers from using discount coupons, loyalty cards, or promotion specials to reduce the WIC benefit amount	4
S	Failure to clearly identify shelf prices of WIC food items	4
T	Non-produce items mapped as produce	4
U	Stocking and/or selling authorized food that is not fresh	2
V	Failure to provide WIC customer a sales receipt	2
W	Failure to allow the purchase of the full or partial amount of foods specified on WIC receipt	2

<b>Conflict of Interest</b>	<p>Vendor Agreements will be terminated if the WIC Program identifies a conflict of interest between the Vendor and the WIC Program or with the WIC clinics. Vendors must inform all store associates that they are prohibited from using their position to influence a WIC participant's selection of a WIC Vendor. Vendors must establish safeguards to prevent employees from using their positions for the purposes that are, or give the appearance of being, motivated by the desire for private gain for themselves or others with who they have a close personal relationship, business or other ties.</p>
<b>Civil and Criminal Prosecution</b>	<p>A Vendor who commits fraud or abuse of the WIC Program is liable to prosecution under applicable Federal, State or local laws. Those who have willfully misapplied, stolen or fraudulently obtained WIC Program funds will be subject to a fine of not more than \$25,000 or imprisonment for not more than five years or both, if the value of the funds is \$100.00 or more. If the value is less than \$100.00, the penalties are a fine of not more than \$1,000.00 or imprisonment for not more than one year or both.</p> <p>The above sanctions notwithstanding, the State of South Dakota reserves the right to seek civil and criminal prosecution of eWIC Vendors for any and all instances of fraud or cases in which there exists evidence of a clear business practice to improperly obtain eWIC funds, or other practices meeting the definition of fraud as defined in 7 CFR 246 of the Federal Code.</p>
<b><u>Civil Money Penalty (CMP)</u></b>	
<b>CMP in lieu of Disqualification</b>	<p>The WIC Program shall impose a civil money penalty (CMP) in lieu of disqualification when it determines, in its sole discretion, and documents in accordance with federal regulations, that:</p> <ol style="list-style-type: none"> <li>1. Disqualification of the Vendor would result in inadequate participant access; or</li> <li>2. The Vendor had, at the time of the violation, an effective policy and program in effect to prevent trafficking, and the ownership of the Vendor was not aware of, did not approve of, and was not involved in the conduct of the violation.</li> </ol>
<b>Calculating CMP</b>	<p>The amount of the CMP shall not exceed a maximum of <b>\$18,171</b> for each violation, except that the maximum penalty is <b>\$72,686</b> for all violations found in a single investigation. A plan for installment payment of CMP can be negotiated between the Vendor and the WIC Program. Failure to pay a CMP will result in disqualification as an eWIC Vendor for the length of the disqualification corresponding to the violation for which the CMP was assessed.</p> <p><u>Note:</u> The CMP is not an option when a Vendor has had two or more previous sanctions that could have resulted in disqualification.</p>
<b>Maximum CMP</b>	<p>When a Vendor has been sanctioned previously for any of the violations that would incur a disqualification or civil money penalty and receives a second sanction for any of these violations, the sanction for the second offense will be doubled, except that civil money penalties may not exceed <b>\$72,686</b> for a single investigation. For third and subsequent violations, the sanction will again be doubled, and there is no option for civil money penalty in lieu of disqualification.</p>

## Section VII. Administrative Appeals

### Administrative Appeals Procedure

#### Overview

A Vendor shall have a right to appeal when a WIC application is denied, and for other adverse decisions made by the WIC Program that affect Vendor participation in the WIC Program. However, expiration of a contract, suspension from the WIC Program based on SNAP disqualification, and the Department's determination regarding participant access are not subject to appeal. Vendor sanctions are applied in accordance with a schedule of violations, as listed in Section VI of the Vendor Handbook.

#### Actions Subject to Appeal

The following actions are subject to administrative review according to federal guidelines:

- Denial of authorization based on the Vendor selection criteria for competitive price or for minimum variety and quantity of authorized supplemental foods and/or on a determination that the Vendor is attempting to circumvent a sanction.
- Termination of an Agreement for just cause.
- Disqualification from the WIC Program and imposition of a fine or a CMP in lieu of a disqualification.
- Denial of authorization based on the Vendor selection criteria for business integrity or for a current SNAP disqualification or CMP for hardship.
- Denial of authorization based on WIC Program established Vendor selection criterion if the basis of the denial is a WIC Vendor sanction or a SNAP withdrawal of authorization or disqualification.
- Denial of authorization based on the WIC Program's Vendor limiting criteria.
- Denial of authorization because a Vendor submitted an application outside the timeframes during which applications were being accepted and processed as established by the WIC Program.
- Termination of an Agreement because of a change in ownership or location or cessation of operations.
- Disqualification based on a trafficking conviction.
- A CMP imposed in lieu of disqualification based on a SNAP disqualification for hardship.
- Disqualification or a CMP imposed in lieu of disqualification based on a mandatory sanction imposed by another WIC Program.
- Denial of an application based on a determination of whether an applicant Vendor is currently authorized by the SNAP Program.
- Disqualification based on imposition of SNAP CMP for hardship.
- Application of peer group criteria and above 50% status determination are subject to administrative review, when the application for this criterion is the basis of the adverse action (denial of authorization or termination of Agreement for cause).



**Actions Not  
Subject to  
Appeal**

The State WIC Program will not provide an administrative review for the following actions:

- The validity or appropriateness of the WIC Program's Vendor limiting or selection criteria for minimum variety and quantity, business integrity, and current SNAP disqualification or CMP.
- The validity or appropriateness of the WIC Program's Vendor peer group criteria and the criteria used to identify Vendors that are above 50% Vendors or comparable to above 50% Vendors.
- The validity or appropriateness of the WIC Program's participant access criteria and the WIC Program's participant access determination.
- The WIC Program's determination whether a Vendor had an effective policy and program in effect to prevent trafficking and that the ownership of the Vendor was not aware of, did not approve of, and was not involved in the conduct of the violation.
- Denial of authorization if the WIC Program's Vendor authorization is subject to the procurement procedures applicable to the State WIC Office.
- The expiration of a Vendor Agreement.
- Disqualification of a Vendor as a result of a disqualification from the SNAP Program.
- The WIC Program's determination whether to notify a Vendor when an investigation reveals an initial violation for which a pattern of violations must be established to impose a sanction.
- The WIC Program's determination to include or exclude an infant formula manufacturer, wholesaler, distributor or Vendor from the approved formula list.

**Process for  
Fair Hearing  
and Appeals**

The following table describes the steps in the administrative appeals process. Appealing an action does not relieve a Vendor from the responsibility of continued compliance with the terms of written Agreement with the State WIC Program.

Step	Action
1	Within 15 days from the date of notification of adverse action, the Vendor must make a written request for administrative appeal to the South Dakota Department of Health, Administrator of The Office of Family Health. 600 E Capital Ave; Pierre SD 57501. The request must identify the individual representing the Vendor and the action to be appealed.
2	Within three (3) weeks from the date of receipt of request a hearing will be held. At least ten (10) days advance written notice will be given the Vendor, specifying the time and place of the hearing. Hearings may be conducted by telephone or in person in a location convenient for both parties.
3	The party requesting the hearing is given the opportunity to: <ul style="list-style-type: none"><li>• Examine the documents and case records that are relevant to support of the decision under appeal</li><li>• Present its case during the hearing</li><li>• Confront and cross-examine adverse witnesses, and</li></ul> Be represented by counsel at the party's own expense
4	A written decision of the administrative hearing shall be issued within 60 days from the date of the request for a hearing, unless the parties agree to a longer period of time.
5	If either party to the appeal is dissatisfied with the hearing decision, they may appeal for a review by the SD Department of Health Secretary. This appeal must be made within 10 days after receipt of the contested decision.

**Public  
Records**

All records of the appeals, hearing and the decision are available for public inspection.

For questions, contact:

**South Dakota WIC Program Vendor Management Staff**

Wendy Speaect, Vendor Manager  
615 East 4th Street  
Pierre, SD 57501  
Voice 605-773-6206  
Fax 1-866-579-8246

Hanna Skadsen, Program Integrity Specialist  
4101 W 38th St.  
Sioux Falls, SD 57106  
Voice 605-367-7143  
Fax 1-866-579-8246



## Minimum Stocking Requirements Waiver Request Form

Vendor: \_\_\_\_\_

Address: \_\_\_\_\_

WIC ID#: \_\_\_\_\_

Only currently authorized Vendors may request a waiver from the minimum stocking requirements for infant items (i.e., infant formula, infant cereal and infant food). Waivers may be approved only if the store has had no sales of the item(s) within the previous 3 months.

Item description: \_\_\_\_\_

Item UPC: \_\_\_\_\_

Upon request by a Participant or WIC staff, the item will be made available within **48 hours** of the request. Once the request has been made, this waiver becomes void.

\_\_\_\_\_  
Store Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
WIC Vendor Manager

\_\_\_\_\_  
Date